

EXECUTIVE SECRETARIAT
ROUTING SLIP

TO:

		ACTION	INFO	DATE	INITIAL
1	DCI		X		
2	DDCI				
3	EXDIR		X		
4	D/ICS		X		
5	DDI		X		
6	DDA		X		
7	DDO		X		
8	DDS&T		X		
9	Chm/NIC				
10	GC		X		
11	IG		X		
12	Compt		X		
13	D/OCA		X		
14	D/PAO		X		
15	D/PERS		X		
16	D/Ex Staff				
17					
18					
19			X		
20					
21					
22					

SUSPENSE

Date

Remarks

Executive Secretary

13 Feb '87

Date

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UNITED STATES
OFFICE OF PERSONNEL MANAGEMENT
WASHINGTON, D.C. 20415

Executive Registry

87-0446x

Office of the Director

January 30, 1987

MEMORANDUM FOR THE HEADS OF DEPARTMENTS AND AGENCIES

FROM: CONSTANCE HORNER
DIRECTOR

SUBJECT: Insurance Coverage for Catastrophic Illness

In view of the recent discussions about catastrophic health expenditures, I thought you might like to know what protections Federal employees enjoy.

Traditional health insurance plans are generally structured in terms of basic benefits, supplemental benefits, and catastrophic coverage. The catastrophic provision is triggered when the enrollee's out-of-pocket expenses under the basic and supplemental plans exceed a certain threshold. Once this threshold is passed, the cost of covered services is paid without any further cost-sharing up to a maximum amount stipulated in the policy.

All fee-for-service plans in the Federal Employee's Health Benefit Program offer catastrophic coverage. While the out-of-pocket threshold varies from plan to plan, a typical plan might have a \$1500 limit for a self enrollment and a \$2500 limit for a family enrollment. Under their catastrophic provisions, FEHB plans reimburse covered expenses either without dollar limitation or with a limitation of a million dollars or more. As is the case with most private health insurance plans, special rules apply to mental health and related conditions. Prepaid health insurance plans (HMOS) by their very structure offer comprehensive coverage for a set fee with no distinction among basic, supplemental, and catastrophic benefits.

As far as the Federal population is concerned, catastrophic coverage is widely available. This coverage, like virtually all health insurance in America today, is intended to deal primarily with the hospital, surgical, and other medical costs associated with acute illness or injury. It does not cover the costs of nursing homes or home health care associated with chronic, debilitating conditions. I am, however, working on a proposal in this area and will notify you shortly concerning its structure and benefits.



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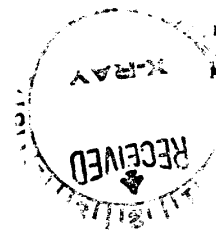
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May 1986

UNITED STATES
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WASHINGTON, D.C. 20415

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HONORABLE WILLIAM J CASEY
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